



**MINUTES**  
**GLENDALE CITY COUNCIL BUDGET WORKSHOP SESSION**  
**Council Chambers – Room B3**  
**5850 West Glendale Avenue**  
**April 8, 2014**  
**1:30 p.m.**

**PRESENT:** Mayor Jerry P. Weiers, Vice Mayor Yvonne J. Knaack and Councilmembers Norma S. Alvarez, Ian Hugh, Manuel D. Martinez, Gary D. Sherwood, and Samuel U. Chavira

**ALSO PRESENT:** Brenda Fischer, City Manager; Julie Frisoni, Assistant City Manager; Jennifer Campbell, Assistant City Manager; Michael Bailey, City Attorney; and Pamela Hanna, City Clerk

**CALL TO ORDER**

**WORKSHOP SESSION**

1. **EMPLOYEE COMPENSATION AND BENEFITS**  
**PRESENTED BY:** Jim Brown, Executive Director, Human Resources & Risk Management

The purpose of this presentation is to provide the Council with information regarding the Memorandums of Understanding (MOU) with Fire and Police represented employees, and to discuss compensation and benefits recommendations for non-represented employees.

Mr. Brown discussed his prior presentation regarding employee compensation and that employees have not received any salary increases in about six years. This has caused a 17 percent turnover rate in the non-represented employees. He said an 8 percent turnover rate is about average for local government. He recommended a several phase approach to solving this problem. The first phase included a 2.5 percent market adjustment for the next fiscal year, which included all non-represented employees. Even those employees that were topped out in their salary range would receive a lump sum one-time payment. He said the budget that is being presented does include a 2.5 percent market adjustment over the next five years. Also included in this first phase is compressing the pay ranges from 60 percent to 40 percent and bringing everyone that is under the new minimum up to the new minimum as a one-time salary adjustment. This would take place in approximately October 2014 and these changes have been included in the budget. Phase 2 would occur in FY16 and that would involve a compensation study. Those findings would be brought before Council to address the remaining compensation issues within the city.

Councilmember Martinez said with respect to the increase of 2.5 percent being a one-time lump sum payment, what it is in terms of dollars.

Mr. Brown said the total cost for a 2.5 percent market adjustment for all non-represented employees would be approximately \$1.5 million across all funds. He said it would be approximately \$800,000 from the general fund.

Mayor Weiers asked what was the one-time cost difference for the range compression adjustment.

Mr. Brown said if they talk about the movement of the pay ranges from 60 percent to 40 percent, the one-time cost is projected at \$600,000 across all funds, and \$283,000 from the general fund.

Mr. Brown next discussed represented employees. He said the current Fire MOU was implemented in 2012 and the agreement is for three years and expires at the end of the next fiscal year. He said there are several items included in the budget for the next fiscal year and those include step increases of 5 percent for those that are not at the top of their ranges, specialty pays are also included, city contributions to their retiree health savings accounts, retention pay, and a clothing allowance. He said all these items are included in the FY15 budget

Mr. Brown detailed Police represented employee benefits and compensation. He said the Police MOU was implemented in 2012, but expires in June of 2014. He said an agreement has been reached for a new MOU and these new costs are included in the FY15 budget forecast. Some of the benefits include a step increase of 5 percent for those not topped out, the same medical benefits as other employees, specialty pay, succession pay, deferred compensation city contributions and uniform and safety equipment allowances.

Mayor Weiers asked what was different in this, other than the 5 percent step increase, from what they currently have.

Mr. Brown said the new MOU is essentially what they already had.

Councilmember Sherwood asked if this MOU was for two years.

Mr. Brown said the Police MOU expires in two years and the Fire MOU expires next fiscal year.

Councilmember Martinez commented the negotiated items of both Police and Fire and asked if those were standard in other cities.

Mr. Brown said the MOUs are very similar in other jurisdictions.

Vice Mayor Knaack commented about the Police and Fire representation. She felt they have stepped up and understand the situation the city is in. She said other unions in other cities haven't necessarily been so thoughtful. She thanked them for that consideration.

Mr. Brown said another thing that will affect all employees are proposed future benefits. They are reviewing many benefits items, which include increasing military leave time, bilingual pay, sick and vacation accrual rates, vacation cap increase, bereavement leave, education/certification incentives and health and wellness. He said making improvements in these areas can help reduce employee turnover. He said the process is to take any of these items before the Personnel Board and they would be authorized by the City Manager. If there were any budget impacts, those would come before the City Council for approval. He said they hoped to bring these forward by July 1, 2014. These changes will help with the turnover rates and help maintain service levels for the future. He said the current represented employee turnover rate is about 2 percent, which is very good.

Councilmember Alvarez asked if non-represented employees get a uniform allowance as well.

Mr. Brown said they do per policy.

Councilmember Alvarez asked about uniforms.

Mr. Brown said those employees that are required to wear uniforms do receive a uniform allowance.

Vice Mayor Knaack said she is glad they are able to give the employees a raise. She was sorry to lose so many good people, but said a lot of great people were still here. She also hoped they are cautious with the benefits.

Councilmember Chavira thanked the city employees for the concessions they have made over the years. He said they are walking in the right direction to right the ship and he is glad they are taking care of their employees.

Councilmember Sherwood pointed out that for the five year budget, they do have the 2.5 percent included in each year and it comes up to about \$13.1 million over the five year period. He wanted to make sure that was communicated to the public and staff. He said this is in the budget for the next five years and hopefully will get the city back where it was.

Consensus was received from Council to move forward.

## 2. FY 14-15 BUDGET WORKSHOP

PRESENTED BY: Tom Duensing, Executive Director, Financial Services

The purpose of this item is to present the Fiscal Year 2014-2015 (FY14-15) proposed operating and capital budget for Council consideration and take any feedback for the upcoming budget adoption process.

Mr. Duensing provided an overview for the public on the FY14-15 budget review and went over the timeline of meetings regarding the upcoming budget. He said overall this budget has no reductions in service levels, no reductions in general fund expenditures relative to the 2017 sales tax sunset, absorbs increases in MOU costs, absorbs 2.5 percent increases in non-represented employee pay, absorbs increases in retirement costs and increases in salary costs due to range compression.

Mr. Duensing said the FY14-15 proposed budget is \$521.4 million and he detailed the amounts for operating expenditures, debt service, capital outlay and contingency. He said they will be bringing forward the necessary carry-over appropriations for capital outlay, which is the amount of estimated unspent project budget in the current year that they need to carry forward into the next year for capital projects that are multiple year projects. Mr. Duensing also explained the cost breakdown by fund. First he talked about the general fund for a total request of \$206.3 million. He went over the figures for the general fund and sub-funds of the general fund. He said the sub-funds are primarily supported by taxes occurring in areas such as Westgate and Tanger. He said any shortages are paid by the primary general fund. He said next year, they propose completely join the General Fund with General Fund, sub-funds into just one fund so it will be much easier to understand. He said their prior discussions have mostly centered on the primary general fund. He detailed the transfers that will be brought back before Council. He said the total expenditures and transfers out is \$198.7 million. The biggest part of that is for public safety and then transfers out, support services, community services, public works, economic development and development services, contingency and capital outlay and City Court. He said the combination of the expenses of Police and Fire was previously discussed and those were housed in the public safety sales tax fund. They went through a process to get a better way to account for these expenditures and those expenditures have been combined.

Mr. Duensing said the city is looking at a total deficit of \$2.1 million. He said a question came up as to whether a budget can be adopted with a \$2.1 million deficit. Mr. Duensing said they can adopt this budget and they will end up this fiscal year with a surplus in the general fund and a positive fund balance.

Councilmember Hugh said part of the effort to balance the budget was a delay in payment to Phoenix of \$3.7 million and asked if that has been taken into consideration.

Mr. Duensing said that is part of the \$15.5 million in expenditure reductions.

Councilmember Hugh asked if Phoenix has agreed to the delay.

Ms. Fischer said they are still in negotiations and she would withhold comment at this time.

Councilmember Hugh asked if the budget showed recouping the \$9 million for the arena.

Mr. Duensing said they have assumed approximately \$7.2 million in total revenues in this forecast.

Mr. Duensing next discussed anticipated revenue and said there is not much information in this presentation regarding revenue and it would be discussed further at a workshop. He said one of the questions that have come up regarding revenue is about primary property tax. He said this budget will assume a 2 percent increase in the primary property tax levy. He said this has been presented at a couple different budget meetings. He said they have to move forward with a process called truth in taxation which means they will have to post on the website the intent to increase the primary levy by 2 percent and then they will have to take action when they adopt the primary levy. He explained what a 2 percent increase in the levy meant. He said they concluded that for a house valued \$200,000, a 2 percent increase calculates to about a \$2 per year increase. He said the total increase will mean about \$100,000 to the general fund.

Mayor Weiers asked if those are two year in arrears.

Mr. Duensing said the valuations are all two years in arrears.

Mayor Weiers said with the economy is getting a little bit better; he said the city would see a slight increase from the previous year just because valuations are going to be higher.

Mr. Duensing simplified this by saying if they saw the property tax values double, the city can still only levy a 2 percent increase. The rate the city would charge would be cut in half. He said citywide the maximum amount of the primary levy that would appear on bills would only go up by the 2 percent increase. He said state law said the city's restriction is a 2 percent increase on the levy, so if property values double, it really wouldn't impact the city's general fund at all.

Mayor Weiers said if the property values go up, the homeowners are going to pay a little bit higher tax because they went up because it is two years in arrears, and if they have the 2 percent, that's an additional amount. He said the homeowner or business owner could potentially look at that as getting slapped twice.

Mr. Duensing clarified and said if the city chose not to take advantage of the 2 percent, if the values doubled, the property owners would still write a check in the exact same amount they wrote last year. He said the fact that the values go up, to the extent that the city increases the levy and are limited by 2 percent, that is the maximum amount the city could levy on the property owners. He said everything else remaining constant, if values doubled, the city can only levy the same amount they are levying in the current year.

Ms. Fischer asked if it was true that the way that Arizona's property tax laws are is that it does not fluctuate that values go up and down as they have seen in some of the neighboring states. She said Arizona laws are structured so that the amount the property owner pays remains constant and the revenue to the community remains constant.

Mr. Duensing said that was correct. He explained another example to the Council. He said the concept of floating the rate is now an accepted practice. He explained what that meant.

Vice Mayor Knaack said some time ago, Council lowered the property tax at least by 2.5 percent in lieu of charging the citizens higher amounts. She said this is a balancing act and that is what they are trying to be fair to the citizens and taxpayers but also be fair to the city.

Mr. Duensing said they are trying to keep the check the taxpayer writes constant.

Councilmember Martinez wanted to go back to the \$2.1 million deficit. He said they can adopt a budget with a \$2.1 million deficit. He said in his mind, he always thought if you had a deficit, you have to identify where that money is coming from. He thought it was coming from the general fund, fund balance to offset that.

Mr. Duensing said that was correct, the \$2.1 million would be coming from general fund, fund balance. He said the academic definition of a balanced budget is you have adequate resources to pay for your appropriated expenditures. He explained resources are revenues that you bring in, plus fund balance that you may have. He said they understand they can only spend that fund balance once, and they are trying to preserve it. He said they are trying to preserve the fund balance to the best of their ability for the next four or five years until they get beyond the capital lease payment. He said that, along with the increase in revenues, is where the city will get its financial stability. He said they have planned for the \$2.1 million and they can legally adopt a budget with that deficit.

Vice Mayor Knaack said when the public safety sales tax was passed, there was a lot of talk about supplanting. She asked for a statement from Mr. Duensing that the transfers from the public safety sales tax fund are not supplanting.

Mr. Duensing said the transfers are not supplanting.

Ms. Fischer said that the Finance staff worked with management and the public safety representatives to make sure this has been comprehensively reviewed.

Mr. Duensing said the expenditures/transfers out does include the impact of the \$15 million in budget balancing ideas.

Mr. Duensing went over the special revenue funds, detailing transfers in and out of the Police and Fire special revenue funds and the Transportation sales tax. He also went over HURF and grants expenditures. He said they have to be successful in receiving grant funds before they are spent.

Councilmember Martinez wanted to go back to the grants again. He said although they apply for grants, he didn't think the city could budget for them until the funds were received.

Mr. Duensing said even though they have not applied for a grant, if they are successful in receiving a grant during the year, they cannot spend that unless they have budget

appropriation. He said the city appropriates budget for unforeseen grant opportunities and this is a very common practice.

Mr. Duensing next went over special revenue funds total expenditures and net transfers. He said grants were the biggest portion at 32 percent. Other categories included HURF, transportation sales tax, and Police and Fire special revenue fund.

Vice Mayor Knaack asked what the other 5 percent consisted of.

Mr. Duensing said that 5 percent (\$4.4 million) included the Airport special revenue fund and several others.

Mr. Duensing discussed debt service funds in the amount of \$93.1 million. These include Municipal Property Corporation (MPC), general obligation bonds, and water/sewer revenue bonds, Transportation, HURF and Landfill. He said the Landfill figures represent payments for capital leases.

Mr. Duensing next went over the ten-year CIP. He said when they adopt the budget; they will only be adopting FY14-15. He explained in more detail the reasons that some of the figures had changed. He said the largest project in the CIP for at least the next five years was the \$45 million for the parking garage. The project will begin design in FY15-16. He broke down those numbers further and said there is capital outlay in multiple funds. Most of the money is in the capital projects funds in the amount of almost \$30 million. He detailed out the different capital projects, which included street construction, HURF bonds, public safety and flood control bonds.

The last set of funds discussed is the internal service funds, which are the benefits program fund, risk management trust fund and workers' compensation trust fund. Mr. Duensing said the revenues to support the expenditure budget are primarily from premiums charged to departments, employee contributions and retiree contributions. Inter-fund transfers require Council approve and legal review.

Councilmember Martinez asked if the premiums charged to the departments are a standard rate for everyone.

Mr. Duensing said it is a standard rate, but it depends on your coverage.

Vice Mayor Knaack said they have had a lot of issues with premium holidays in the past. She asked if that will continue to happen under certain circumstances.

Mr. Duensing said in the FY14-15 budget, there are no premium holidays. He said if they are able to stabilize, premium holidays will not be necessary in the future.

Mr. Duensing addressed the \$4.4 million question asked previously by Vice Mayor Knaack. He said the city has an Airport Special Revenue Fund, RICO funds, and Parks and Recreation self-sustaining funds.

Vice Mayor Knaack asked how much the RICO funds were.

Mr. Duensing said they were about \$2.4 million and the Parks & Recreation self-sustaining was about \$1.2 million and Airport Special Revenue was about \$700,000.

Mayor Weiers asked if the RICO funds varied dramatically every year.

Mr. Duensing said that was correct and said it was similar to grants and they could only spend the funds that were available.

Mr. Duensing moved forward to discuss departmental summaries. He said the Mayor and City Council provide policy direction for the city, offer continued communication with the public and ensure fiscal stability. The City Manager provides leadership for city staff for implementation of Council policy direction. He said they are also centralizing the agenda management process. They are maintaining current service levels with reduced staffing and lead efforts for fiscal sustainability. The City Attorney ensures compliance with laws and regulations, continues to advocate on behalf of the city, prosecute misdemeanors and code enforcement matters, act as an advisor in the policy direction of the City Council, and represent the city in the negotiation and drafting of contractual instruments. The City Auditor continues to enhance transparency and public accountability to the citizens, continues to conduct citywide audits of departments, programs and contracts to ensure compliance, assess organizational risk and evaluate the effectiveness of internal controls and monitor the ethics hotline and investigate alleged ethical violations. The City Clerk plans and manages statutory process for the 2014 municipal elections, assuring 100 percent compliance with federal laws, Arizona state statutes and city charter/code provisions, continues to find opportunities to improve public record and media request program while facilitating timely compliance with Arizona state statutes, plans and teaches City Clerk services and record management classes annually, and plans to improve 2015 record purge day organizational participation, assuring compliance with Arizona state statutes and organizational retention schedules.

Mr. Duensing went on to summarize the City Court, which continues to resolve criminal traffic and misdemeanors and some civil offenses committed in Glendale, operates specialty courts providing judge based monitoring for defendants diagnosed with major mental illnesses and convicted of DUI or domestic violence offenses, issues protective orders in cases of domestic violence and harassment, provides public defender representation to all indigent defendants, continues to provide language interpretation services to defendants and victims, collects revenue for the city and state as required by law and provides a safe facility for all who enter the courthouse. The Communications Department continues to increase event attendance to support downtown economic activity, increases positive exposure of the city through public information, manages the city's five websites, 20,000 pages, supports Glendale 11's YouTube Channel, maintains the city's first "app" for the C.V.B. and increases downloads, and manages communication and media efforts for the 2015 Super Bowl. He said the Community Services Department continues to provide services and programs to approximately 1.5 million patrons at PRLS

facilities, operates Gallery Glendale in partnership with New Westgate LLC, maintains partnerships to operate three community centers for summer youth programming, continues to examine Library services provided to the public, maintains 119 different parks and recreation facilities, utilizes volunteers for 27,500 volunteer hours, a \$612,000 value, maintains the Civic Center ranking as #1 by Ranking Arizona: The Best of Arizona Business, oversees approximately \$25,7 in federal grants to over 50,000 persons for housing, CDBG and direct-self assistance programs, and provides volunteer program services for over 200 registered neighborhood groups and volunteers.

Mr. Duensing said Development Services provides more efficient services by cross training of Code Compliance and Building Safety inspection staff, continues to provides code enforcement and education services with no reduction to Code Compliance inspection staffing levels, facilitates the citywide General Plan update, and maintain plans review and Development Services counter services through constant staffing levels. Economic Development staff provides for continued dedication to Economic Development's Core Pillars of business attraction, business retention and expansion, business assistance and redevelopment, maintains existing staffing levels and industry-driven professional affiliations and memberships, allows continued access to proprietary analytical data about properties for sales and lease in the community, retain ability to conduct independent third party verifications on the economic impacts of business locates, supports Glendale's participation in regional efforts to showcase the benefits of Arizona commerce associated with Super Bowl corporate visitors, continues the city's memberships with GPEC and Glendale Chamber of Commerce partners and enables the city to meet contractual obligations of existing development agreements.

Councilmember Martinez asked if Economic Development included the Planning Department.

Ms. Fischer said this will be for the FY14-15 and as of July 1<sup>st</sup>, Economic Development is separate from Planning, which becomes part of Development Services. She said this reflects the new organizational structure which goes into effect on July 1<sup>st</sup>.

Councilmember Martinez said in the past other departments have lost staff and he recently saw a memo or email from Mr. Friedman giving a really good update as to what is occurring in each of the districts in the city. He said there is an uptick and some things that are beginning to happen, new projects coming in. He said they need to keep their staff because it looks like things are going to keep getting better and the city does not want to be in a position where they start losing business because they cannot respond in a timely manner the requests coming in. He would like someone to comment on that.

Ms. Fischer said there are no staffing reductions in the Planning Department and she agreed with Councilmember Martinez. She said the swift process and getting projects off the ground is what sets Glendale apart. She said the budget presented today reinforces that and they are currently recruiting for several positions in that area and they are also looking to technology to assist with getting things done faster to enhance revenue sources for the city.

He said Finance and Technology implements I.T. Governance Committee for technology strategy.

Councilmember Martinez asked Mr. Duensing to go into a little more detail about what that committee will do.

Mr. Duensing said the Governance Committee will handle the strategic direction of the IT function. It will prioritize the competing requests and functions and will determine what IT is here to do. The committee will be able to take a request for a special project and prioritize it in terms of city function. He said the committee will also assist with the IT budget each year.

Ms. Fischer said one of the benefits of this committee is the city needs to start looking at IT as a global department throughout the city. They will also look at how to make the entire city's operations more efficient. She also said there will be a technical committee which will provide technical recommendations to that Governance Committee.

Councilmember Martinez asked if the committee had been formed yet.

Ms. Fischer said Ms. Campbell is forming that committee with Mr. Murphy right now and the committee should be up and running by July 1<sup>st</sup>.

Mr. Duensing said the Finance and Technology also enhances the procurement support to all city departments, implements the agenda management software, enhances the sales tax audit and collection efforts, maintains uptime of all core business applications and infrastructure, supports the PeopleSoft upgrades, continues to maintain timely payroll and accounts payable processing and ensures compliance with laws and regulations.

The Fire Department continues with progressive service delivery, innovations and creative partnerships through twelve emergency units dispatched from nine strategically located stations, continues to provide the full spectrum of fire services, including fire suppression, emergency medical, crisis response, emergency management and special operations services, continues to provide supplemental fire services including wild land firefighting, terrorism response and grant funded mass casualty disaster response capabilities, continues to support the valley-wide automatic aid consortium, which responds without regard to political boundaries, as well as public-private partnerships like Airevac Services with HALO 151, and continues to provide non-emergency programs including fire prevention and inspections, safety education, emergency preparedness, emergency management, and internal support services. Mr. Duensing said Human Resources and Risk Management ensure the fair and equitable management of the city's compensation and benefits plan, including the health, dental and vision self-insurance plans, manages the city's safety programs and the training and development programs including ethics and safety training, continues to enhance employee development and recruitment/selection processes, ensures policies and procedures are evaluated and updated if necessary, manages the property and liability insurance program, manages and workers' compensation program and manages personnel data and processes all personnel actions.

Mr. Duensing said Intergovernmental Programs continues coordination of legislative and related external activities of the city, ensures the Council adopted state and federal legislative agendas are carried out, researches and reviews state and federal legislation impacting the city and represents the city on those issues in an official capacity, protects the city's interests in various stakeholder processes and works to resolve city issues with external partners, assists and coordinates with other city departments who serve on state and regional technical committees, supports the Mayor and Council on the various federal, state and regional policy committees they serve on, including the Maricopa Association of Governments (MAG), the Regional Public Transit Authority (RPTA), Metro Light Rail, the Arizona Municipal Water Users Association (AMWUA), the Arizona League of Cities and Towns, the National League of Cities (NLC), Westmarc and many others, and identifies and works to secure local, regional, state and federal funding opportunities. He said the Police Department maintains levels of support for preventing crime, maintaining order, and providing support to numerous events held within the city, utilizes progressive, innovative techniques and emerging technologies in order to accomplish the mission, continues to partner with citizens and engage the community to formulate policing strategies, allows for growth of 10 police officers through COPS grant funding, utilizes technology to improve services while reducing resources, relocates the Glendale Family Advocacy Center to a city-owned facility, and generates new revenues from the Alarm Program, public records requests and fingerprinting services to the public. The Public Works Department reflects the first year of operation of the Vieste facility diverting 30,000 tons of waste from the city landfill, continues to maintain services with no increase to sanitation, landfill or Dial a Ride fees, includes \$14 million in planned pavement management investment in street infrastructure, continues development of Northern Parkway, includes \$500,000 in building infrastructure improvements, and includes full usage of Maryland HOV lanes for Cardinals season and Super Bowl.

Mr. Duensing reviewed the dates of upcoming public meetings and the budget process timeline. He said if Council desires to see a little more detail in the budget revenues they plan to include in this year's budget, he can bring those back to a Council meeting if Council desires. He said the COPS and SAFER grants probably need a little further discussion. He said there may be a budget impact for FY14-15 for these and can address these issues as well. He suggested those be brought back on May 6<sup>th</sup>.

Vice Mayor Knaack would like to have that presentation and said May 6<sup>th</sup> would be fine.

Councilmember Martinez said in the details of the budget, there seemed to be on the account rollup on type of expenditures, A7000 non-salary operating budget, starting with 2014 to 2015, he said throughout it seemed to be quite a reduction. He said the first one that caught his attention was the City Attorney because it was a 49 percent decrease. He looked at the others and the City Clerk was 150 percent and also it appears to be an increase. He said he didn't know what was going on.

Mr. Duensing said this budget includes budget balancing concepts. He said part of the budget balancing was a reduction in legal fees of \$300,000 and that is what Councilmember

Martinez was seeing in the City Attorney's office. He said this requires the City Attorney to manage effectively. He said if they have a need for outside legal fees in excess of what has been budgeted, they will come before Council and make a contingency request for that. He said there will be reductions throughout that went toward the \$15.5 million of budget balancing ideas that are included.

Ms. Fischer said they are also doing significant budget cleanup. She said there were a lot of sub funds and extra line items that were in previous years that they have streamlined. She said items were not eliminated but they have been cleaned up.

Mr. Duensing said there were also reorganizations which are also impacting the numbers. He said Council will see the same thing next year when the sub funds are also cleaned up.

Councilmember Martinez said on Economic Development, the total rebates and incentives of the estimate of 2014 was \$338,000 and for 2015 it is \$858,000.

Mr. Duensing said the first thing is they fully intend on moving the rebates and incentives out of Economic Development at the request of the director. He said the increase in that cost on the rebates and incentive is a development agreement that was entered into for a car dealership. The dealership is now online and the components of that agreement now kick in. He said it is an old agreement, but they have to budget for that amount of rebate.

Councilmember Martinez said the arena right of way maintenance is a small budget item but he noticed it was zeroed out in 2015. He asked if they were spending any money at all for right of way maintenance.

Mr. Duensing said that line item; the question that was asked was is it HURF eligible. He said it is right of way maintenance and HURF is eligible for right of way. He said it should not have been general funded in the first place, so they moved that right of way maintenance to the HURF fund.

Councilmember Sherwood said his only concern is in the CIP and he has spoken with staff and the City Manager and recognize what they are trying to do there. He said regarding the general fund portion of it, they have \$1.5 million allocated this coming year and for the next five years it is about \$9.3 million and then in years 6 through 10, they are at about \$33 million so they are showing a considerable increase. His concern is that with some of the infrastructure, there is a half million in for building infrastructure, he felt they were slightly at risk for that. He understood why they are there and they do have contingency to fall back on if necessary. He said as they continue this process, they can beef that up a little bit. He said they had half a million for the arena and the arena study showed there was much more needed over five years, and they are banking on not a lot of that being needed this next year. He said he understood what they are trying to do and just wanted it on the record that they need to focus on this in the future.

Mr. Duensing said that is a good point and they fully intend to address those types of issues and are developing a set of policies. He said one of those relates to the capital projects from

the general fund. He said they can go to what they have appropriated as capital projects, they can go to contingency and if Council chooses to set a policy, if they have the ability at the end of any fiscal year, if they out-perform the budget, Council can reserve or commit an amount for capital outlay for those purposes. He said this is a prudent policy, but it is a balancing act. He said it is premature to set a policy at this point, but they would like to bring one forward.

Ms. Fischer said they will bring forward in May a discussion on asset dissolution, which would help fund the CIP program.

Mr. Duensing said if there is May 6<sup>th</sup> workshop, there will be a discussion on CIP carry forward appropriation. He said they will have an estimated amount at that time.

Councilmember Martinez commented and thanked everyone. He said it looked like they were in a dire situation and were originally looking at a \$30 million deficit. He said they are now looking at about \$17 million and now it is down to \$2.1 million. He said a lot of this comes down to the work of staff without a reduction of services. He said that was the goal as well as keeping public safety intact. He gave thanks to everyone for a job well done.

Mr. Duensing asked if Council wished to vacate the April 10<sup>th</sup> meeting and to call for a May 8<sup>th</sup> meeting.

Ms. Fischer said there will be an announcement at the evening meeting that the April 10<sup>th</sup> meeting will be vacated.

Councilmember Sherwood said he would like to see the May 6<sup>th</sup> meeting and the CIP carryover as one of the items on it. Councilmember Hugh agreed.

No consensus was needed.

## **ADJOURNMENT**

The meeting was adjourned at 3:08 p.m.